

City and County of Denver

# Preference Policy Recommendations

PREPARED BY

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# Considerations for a Preference Policy

## **Primary goal:**

To foster stable and diverse neighborhoods

**Apply to diverse set of residents at risk of displacement:** racial and ethnic diversity, economic diversity, diversity in ability (persons with disabilities and without), and diversity in household characteristics.

## **Be legal:**

Avoid segregative effect challenges

## **Address:**

The root causes and market factors causing displacement

# What is a resident preference policy?

- A preference policy for housing increases the likelihood that certain types of residents will obtain affordable housing, generally people at risk of or displaced, and workers
- Preference policies are commonly used in housing managed by Public Housing Authorities and are also used for workforce in Colorado mountain communities
- They have also been used by towns and neighborhoods to exclude certain types of residents, and have been legally challenged on this basis

# Background on Fair Housing Act

- Fair Housing Act prohibits discrimination concerning the sale, rental and financing of housing based on race, color, religion, national origin, sex, familial status and disability.
- Regulations require jurisdictions to do more than simply refrain from discriminating, but also assist in ending discrimination and segregation, and administer programs in a manner that “affirmatively furthers” the policies of the Fair Housing Act.
- Consideration for both direct discrimination and policies that have a “disparate impact” on protected classes under the FHA, for example:
  - Preference within areas that have smaller proportion of racially/ethnically diverse residents than the city at large could create disparate impact
  - Conversely, preference within minority-concentrated neighborhoods deemed to be at risk of displacement could continue to concentrate affordable housing and limit housing opportunities in other areas

# Who Gets Displaced in Denver

According to a survey conducted for the Denver fair housing study, 19 percent of Denver area households had been displaced between 2012 and 2017.

Common reasons:

- Rent increasing more than a household could afford,
- Landlord selling their home,
- Personal relationships, and,
- Landlord refusing to renew a lease.

Displacement is higher for very low income households, racial and ethnic minorities, persons with disabilities, LEP residents, voucher holders, large families (25-29%)

Source: Root Policy Research from the 2017 Denver-Aurora-Boulder Regional AFH Resident Survey.

# Policies in Comparable Cities

## Portland

- Applies to Urban Renewal Areas
- Residents receive preference if have been displaced, if relatives have been displaced, if city took property
- Program affirmatively marketed through social service agencies
- Most relevant to cities where displacement is linked to displacement

## San Francisco

- Several preferences, all of which apply to city-funded developments and inclusionary zoning developments. All applicants with disabilities have preferences for all accessible units
- Key to compliance is resident/unit match software
- Neighborhood-based preference had to include citywide live/work component for HUD to approve

## New York

- Council district based, in place for 25 years
- In litigation for challenge to exclusionary effects

# Proposed Approach for Denver Preference Policy

Based stakeholder feedback, Root Policy is recommending an approach that layers two preferences together is being explored for Denver:

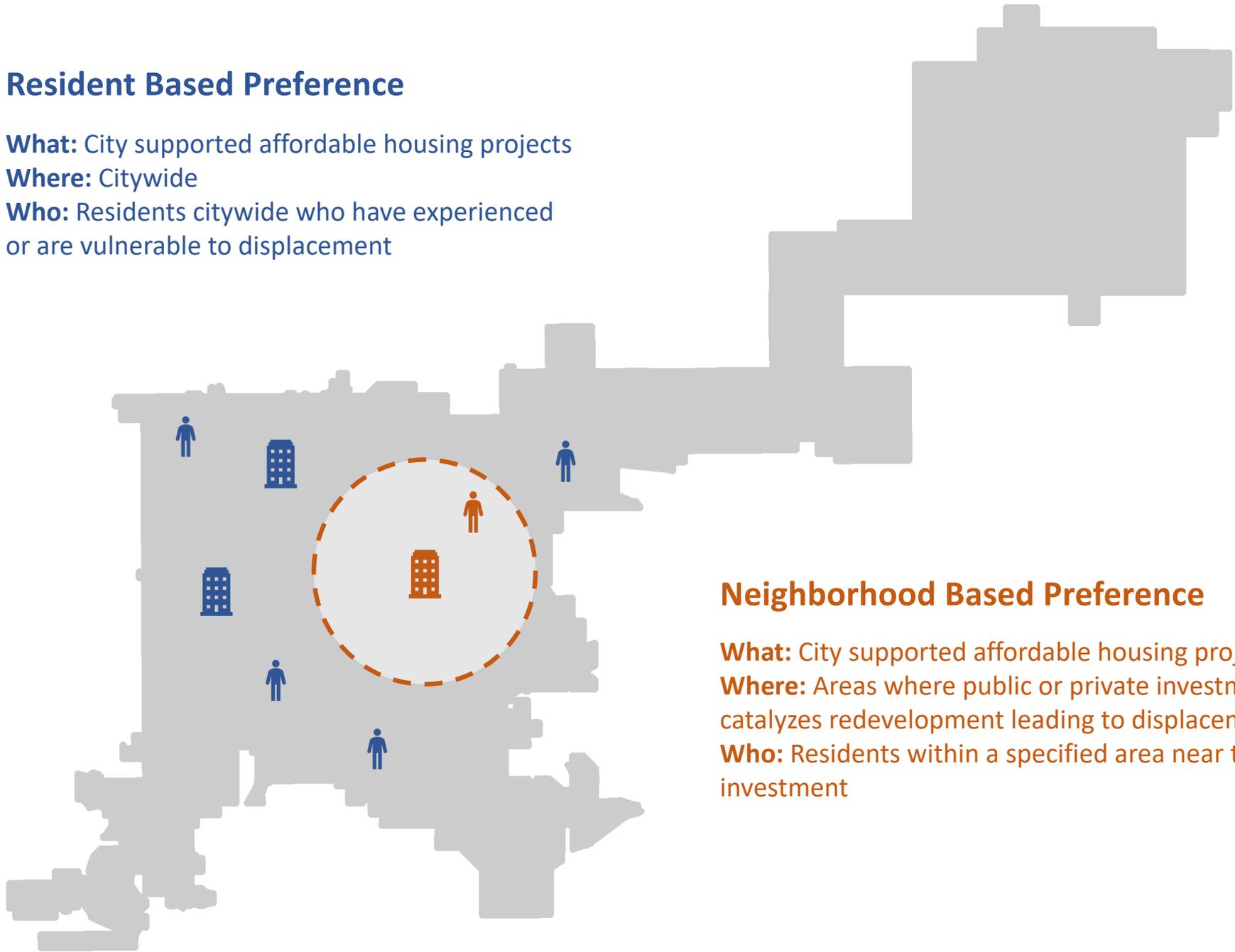
- The first, a **neighborhood-based program** aimed at “investment mitigation”
  - Would apply when public or private investments has been catalyst for displacement, especially when transformative projects result in significant change to status quo (such as transit, large scale investments like National Western Center)
  - Could also include minimum dollar amount of investment for areas where the displacement link is less clear
  - Would apply to projects located in proximity to the transformative project
- The second would be a **resident-based, “market mitigation,”** program
  - Would apply for residents that have experienced displacement or are vulnerable to displacement citywide
  - Would apply to projects located throughout the city

## Resident Based Preference

**What:** City supported affordable housing projects

**Where:** Citywide

**Who:** Residents citywide who have experienced or are vulnerable to displacement



## Neighborhood Based Preference

**What:** City supported affordable housing projects

**Where:** Areas where public or private investment catalyzes redevelopment leading to displacement

**Who:** Residents within a specified area near the investment

# Proposed Approach for Denver Preference Policy

Based on initial stakeholder feedback, Root Policy is recommending the following policy approaches. These would continue to be refined based on stakeholder, public and policy maker input.

## Which Projects

All developments with:

- City funds or land
- City density bonuses
- Federal funds
- Land trusts

Project types:

- Rental
- For sale
- PSH projects exempt (other tenant selection criteria apply)

## Requirement

25 percent of units set aside for preference applicants:

- Displaced
- Displacement Risk
- Those with a disability
- Families with children in school

(residents experiencing homelessness could qualify)

## Timing

Developers can accept preference applicants only for first **10 days of unit listing**

Applies to initial lease-ups and subsequent lease-ups

## Implementation

Public private partnership

Potential use of new match software

# Proposed Applicant Priorities

Based on initial stakeholder feedback, Root Policy is recommending the following policy approaches:

Preference	Priority
Current Denver resident for at least <b>one year</b> , has been or at risk of displacement	5 points
Current Denver resident for at least <b>five years</b> , has been or at risk of displacement	+2 points
<i>Household with a disability</i>	+2 points
<i>Household with school aged children</i>	+2 points

Note, resident and neighborhood preference could be combined, with priority added for vulnerable residents living in the focus neighborhoods.

# Implementation Challenges

## Resident

- Knowing they are eligible
- Finding units
- Qualifying for units

## Developer

- Developing affirmative marketing systems
- Identifying and selecting preference-eligible applicants

## City

- Ensuring developers comply with policy
- Ensuring developers comply with affirmative marketing
- Adequate staff resources

# Listings all in one place

With complete, current, and reliable information

TELL US YOUR HOUSEHOLD SIZE AND INCOME AND WE'LL HIGHLIGHT LISTINGS THAT MIGHT BE A FIT.

[ESTIMATE YOUR ELIGIBILITY](#)



## AVAILABLE UNITS

UNIT TYPE	MINIMUM INCOME	RENT
1 BR	\$3,173/month	\$1,269/month



Favorite

[SEE DETAILS](#)

# One common application that works for all affordable rentals

10 minutes on a phone or computer  
(or a short paper option)

*Additional info needed only if selected in lottery*

The screenshot shows a mobile application interface for a rental application. At the top, a blue header contains the text "POTRERO1010 UNIT 236 APPLICATION". Below the header is a progress bar with five steps: "YOU" (active), "HOUSEHOLD", "PREFERENCES", "INCOME", and "REVIEW". The main content area asks "First, what's your name?" and is titled "YOUR NAME". It contains three text input fields: "First Name", "Middle Name (optional)", and "Last Name". Below these is a section titled "YOUR DATE OF BIRTH" with three input fields for "MM", "DD", and "YYYY". At the bottom of the form is a blue "NEXT" button and a link for "Save and finish later".

**Get your lottery number with application and by email**

Thanks. We have received your application for  
280 Fell Street Apartments



HERE'S YOUR LOTTERY TICKET NUMBER

**#00039303**

Please write down your lottery number and keep it in a safe place. We have also emailed this number to you if you provided an email address.

WHAT TO EXPECT NEXT

The lottery will be held on March 22, 2017. You do not need to attend the housing lottery. Results will be posted [on the listing](#). Please refer to the [listing for the lottery results date](#).

# Electronic lottery results posted instantly

Standardized, transparent processes

**Lottery Results** ✕  
NEMA UNIT 738 AND 1208

00040928 >

**YOUR PREFERENCE RANKING**

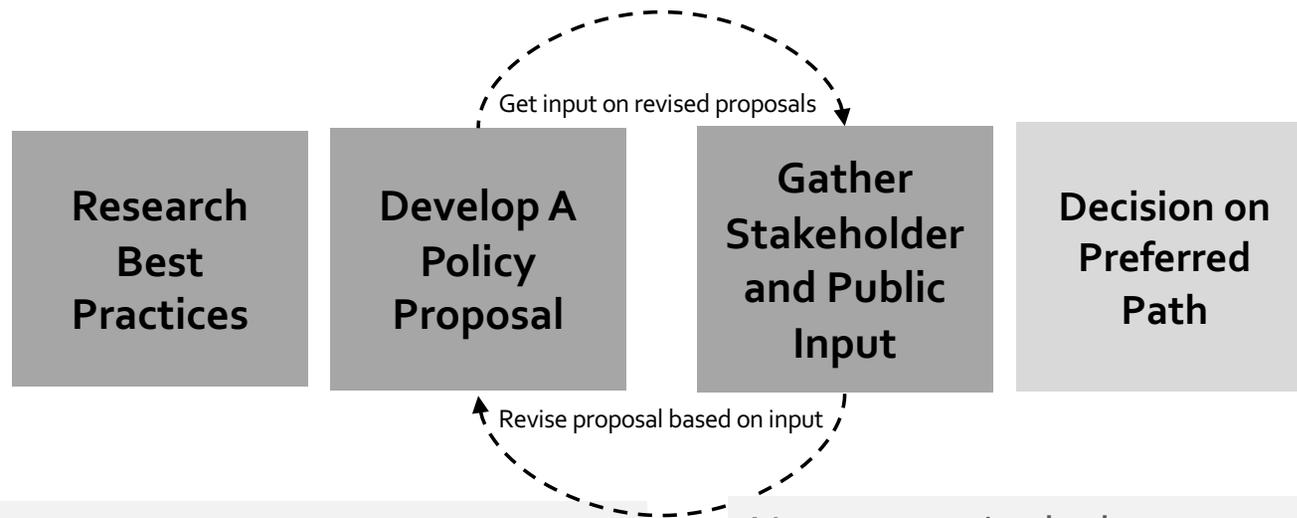
Ranking in these lists is considered in the order shown here.

**i** Please note, there are other preferences that will be considered for units first.

<b>RANK</b> <b>1</b>	<b>LIVE/WORK PREFERENCE</b> Up to 2 units 953 applicants are on this list.
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What happens next? ∨

# Evaluation Process



## Stakeholders include:

- City Partners
  - Policy Review Committee
  - Council Committees and Working groups
- Housing Advisory Committee
- Anti Displacement Policy Network
- Developers
- Leasing Agents
- Members of the public, impacted residents

## Next steps include:

- Analyze feasibility and partnership opportunities with DAHLIA system
- Present to Policy Review Committee
- Continue to vet the preference policy:
  - Bring back to HAC
  - One on One
  - Additional Outreach
- Determine preferred path based on recommendations
- As appropriate, pursue regulatory and implementation steps

# Questions

- 1) Based on the overview provided today, what questions/opportunities/concerns to you see with the preference policy recommendations as drafted?
- 2) What stakeholder groups are most important for us to reach at this stage in our input process?
- 3) What other feedback or implementation considerations do you have for us?